

The Influence Of The Implementation Of The Know Your Employee (KYE) Method On Increasing Employee Loyalty At PT Bank KB Bukopin KCU Kupang

Pengaruh Penerapan Metode Know Your Employee (KYE) Terhadap Peningkatan Loyalitas Karyawan Pada PT Bank KB Bukopin KCU Kupang

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ABSTRACT

This study aims to determine the influence of the implementation of the Know Your Employee (KYE) method on increasing employee loyalty at PT Bank KB Bukopin Main Branch Office (KCU) Kupang. The KYE method is a managerial approach that focuses on a deep understanding of employees' characteristics, needs, and potential in order to create a harmonious and productive work environment. This research employs a quantitative method with a descriptive-verify approach. Data were collected through questionnaires distributed to all 32 employees of PT Bank KB Bukopin KCU Kupang and analyzed using a simple linear regression technique. The results of the study show that the implementation of the KYE method has a positive and significant effect on employee loyalty. This means that the better the management applies the KYE method, the higher the level of employee loyalty to the company. These findings indicate that a personal approach to understanding employees can enhance emotional attachment, job satisfaction, and organizational commitment. The study recommends that management continue to optimize the implementation of the KYE method through open communication, transparent career development, and the strengthening of a culture of appreciation in the workplace.

Keywords: Know Your Employee (KYE), employee loyalty

ABSTRAK

Penelitian ini bertujuan untuk mengetahui pengaruh penerapan metode Know Your Employee (KYE) terhadap peningkatan loyalitas karyawan pada PT Bank KB Bukopin Kantor Cabang Utama (KCU) Kupang. Metode KYE merupakan pendekatan manajerial yang berfokus pada pemahaman mendalam terhadap karakteristik, kebutuhan, dan potensi karyawan untuk menciptakan lingkungan kerja yang harmonis dan produktif. Penelitian ini menggunakan metode kuantitatif dengan pendekatan deskriptif-verifikatif. Data dikumpulkan melalui kuesioner yang dibagikan kepada seluruh 32 karyawan PT Bank KB Bukopin KCU Kupang dan dianalisis menggunakan teknik regresi linear sederhana. Hasil penelitian menunjukkan bahwa penerapan metode KYE berpengaruh positif dan signifikan terhadap loyalitas karyawan. Hal ini berarti semakin baik penerapan metode KYE oleh manajemen, maka semakin tinggi tingkat loyalitas karyawan terhadap perusahaan. Temuan ini menunjukkan bahwa pendekatan personal dalam memahami karyawan dapat meningkatkan keterikatan emosional, kepuasan kerja, dan komitmen organisasi. Penelitian ini merekomendasikan agar manajemen terus mengoptimalkan penerapan metode KYE melalui komunikasi terbuka, pengembangan karier yang transparan, serta penguatan budaya apresiasi di tempat kerja.

Kata Kunci : Know Your Employee (KYE), Loyalitas Karyawan

1. Introduction

The banking industry today is highly competitive and dynamic, as reflected in the success of an institution. Such success is determined not only by capital strength and technology but also by the quality and loyalty of its human resources. Loyal employees demonstrate high commitment to the organization, work productively, and tend to remain longer within the company. Therefore, maintaining and fostering employee loyalty has

become one of the major challenges in human resource management within the banking sector.

According to Arora and Rizvi (2019), one approach that has recently been adopted by modern companies, including those in the banking sector, is the Know Your Employee (KYE) method. This concept originates from management principles that emphasize the importance of deeply understanding employees' characteristics, needs, backgrounds, motivations, and potential. When implemented effectively, KYE can not only improve communication between superiors and subordinates but also enhance job satisfaction, the sense of being valued, and employee engagement with the organization.

In practice, the implementation of KYE can take various forms, such as periodic employee evaluations, mentoring programs, job satisfaction surveys, performance-based rewards, and personal approaches in addressing employee issues. Through a deeper understanding of employees, companies can develop more targeted human resource strategies that directly contribute to increased employee loyalty.

PT Bank KB Bukopin KCU Kupang, as one of the financial institutions responsible for public service and customer fund management, requires human resources who are not only competent but also loyal and have high integrity. As a leading financial institution in Indonesia, PT Bank KB Bukopin KCU Kupang bears a great responsibility to ensure that all employees possess strong integrity, competence, and commitment in carrying out their duties. However, many financial institutions still pay limited attention to personal approaches such as KYE. Employees often feel that they are treated merely as production tools without an emotional connection to the company. This condition can potentially lead to high turnover, decreased productivity, and a weakened organizational image.

Therefore, the author is interested in conducting a study on the effect of implementing the KYE method in increasing employee loyalty, particularly within the banking context. This research is expected to make a practical contribution to the development of human resource management strategies in the banking sector and serve as a foundation for creating a healthier, more supportive, and sustainable work environment. The research question in this study is: How does the implementation of the KYE method affect employee loyalty at PT Bank KB Bukopin KCU Kupang? Accordingly, the purpose of this study is to determine the effect of applying the KYE method on employee loyalty at PT Bank KB Bukopin KCU Kupang.

The state of the art refers to the current position or development of the research topic within the context of scientific literature and professional practice. In this study, Know Your Employee (KYE) represents a relatively new concept compared to conventional human resource management methods such as performance evaluation, reward systems, or job satisfaction surveys.

CONCEPTUAL FRAMEWORK



Figure 1. Research Model

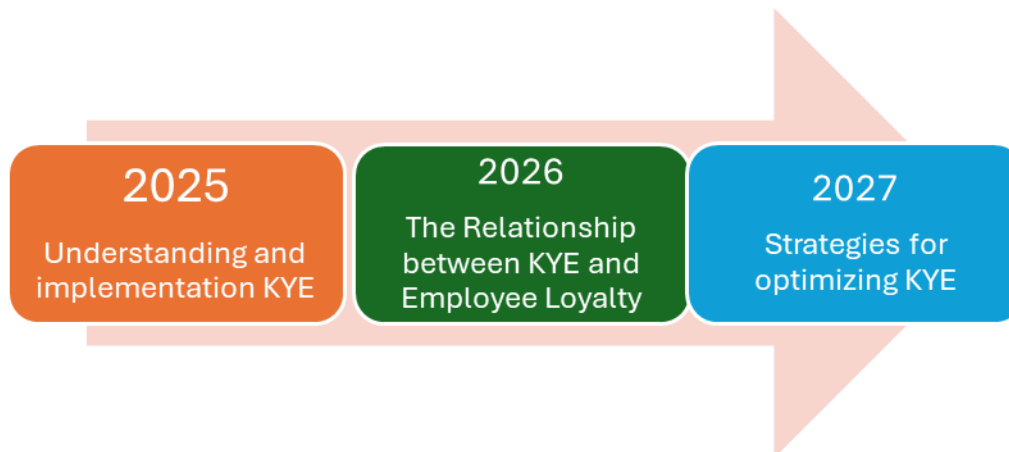


Figure 2. Research Roadmap

2. Literature Review

According to Nurhayati and Aminah (2015), the implementation of the Know Your Employee (KYE) principle by bank management is one of the measures to control fraud risk from the human resource aspect. On the other hand, the people aspect in customer service within a bank is a key success factor since employees act as service executors and the first line of interaction with customers.

KYE is essentially an extension of the Know Your Customer (KYC) principle, which is commonly applied in the banking world, but with an internal organizational focus on employees. This concept emphasizes the importance of understanding each employee individually, including their background, motivation, work preferences, and potential risks, to support more personalized and strategic managerial decisions and HR management strategies.

According to Wan (2012), employee loyalty is a psychological attachment or commitment to an organization that arises as a result of satisfaction gained through internal evaluation processes when employee expectations are met or exceeded, satisfaction and loyalty tend to grow. In carrying out work activities, employees cannot be separated from loyalty and work attitude, which influence their ability to perform effectively. Similarly, Siswanto (2012) defines employee loyalty as a commitment to the organization, often viewed as an attitude. However, it is not merely a cognitive attitude that matters in an organization, but rather its manifestation in action or behavior.

Nevertheless, there have been limited studies especially in the Indonesian banking sector that explicitly examine the relationship between the KYE method and employee loyalty. This indicates that the application of KYE remains a relatively new topic that has not yet been extensively explored in academic research.

This study contains several novel elements, including:

1. Focus on the Internal Application of KYE
This research positions KYE as a management strategy to enhance employee loyalty an approach that is still rarely utilized.
2. Empirical Measurement of the Relationship between KYE and Loyalty
The study employs a quantitative approach to measure the extent to which KYE influences employee loyalty, rather than explaining it only descriptively or theoretically. This strengthens the practical relevance of the research for HR management.
3. Promoting Human-Centered Management in Banking
The study highlights the importance of empathy-based, understanding, and interpersonal relationship approaches within banking employee management systems that have traditionally been more target- and compliance-oriented.

3. Methods

This study uses an associative quantitative approach with the aim of examining the effect of implementing the KYE method on employee loyalty. The quantitative method was chosen because this research seeks to test the relationship between variables statistically. The population of this study consists of all permanent employees of PT KB Bank Bukopin KCU Kupang, totaling 45 people. The sampling technique used in this study is purposive sampling, which includes employees who have worked for at least 1 year and are actively involved in banking operational activities. Thus, the sample in this study consists of 32 permanent employees of PT KB Bank Bukopin KCU Kupang. Data collection techniques employed include observation, interviews, questionnaires, and literature review.

The data analysis used is quantitative descriptive analysis, which is applied to process the data from the collected questionnaires. This technique involves tabulating respondents' answers and describing their responses regarding the variables under study. The data are analyzed using a simple linear regression technique to determine the extent to which the independent variable (Know Your Employee) affects the dependent variable (employee loyalty), using the regression equation $Y = a + bx$. Subsequently, hypothesis testing is conducted to determine the extent of the effect of the independent variable on the dependent variable individually.

4. Results and Discussion

PT. Bank KB Bukopin is a financial institution operating in the banking sector, with a primary focus on providing financial services and financing. The Kupang Main Branch (KCU Kupang) is one of the strategic branches in the East Nusa Tenggara region, playing an important role in supporting operational activities and customer service.

The Kupang Main Branch has a total of 45 employees, with a research sample of 32 permanent employees selected using purposive sampling. This includes employees who have worked for at least one year and are actively involved in banking operational activities.

The Know Your Employee (KYE) method is implemented by Bank KB Bukopin as a form of internal supervision, to improve discipline, and to understand the character and potential of each employee. This approach aims to reduce internal risks while simultaneously increasing employee loyalty to the company.

The characteristics of the respondents can be seen in the following table:

Table 1. Characteristics of Respondents at Bank KB Bukopin KCU Kupang

Charateristics	Category	Number	Persentase
Gender	Male	17	53,1%
	Female	15	46,9%
Age	< 25 y.o	4	12,5%
	25–35 y.o	18	56,3%
	> 35 y.o	10	31,2%
Length of service	1–3 y.o	10	31,2%
	4–6 y.o	14	43,8%
	> 6 y.o	8	25,0%

Most of the respondents are within the productive age range (25–35 years) and have worked for a considerable period, and are therefore considered to understand the implementation of KYE in their work environment.

The regression test results show the following regression equation:

$$Y = 12,311 + 0,543X$$

"This means that every one-unit increase in the implementation of the KYE method will increase employee loyalty by 0.543 units.

The results of the hypothesis testing using the t-test can be seen as follows:

Table 2. Hypothesis Testing Results

Variabel	t value	t table (df = 30, $\alpha=0.05$)	Sig.	Interpretation
KYE (X)	5,812	2,042	0,000	Significant

Based on the table above, it can be seen that since the calculated t-value > the critical t-value and Sig < 0.05, H_0 is rejected and H_1 is accepted. This means that the implementation of the KYE method has a significant effect on employee loyalty.

Table 3. Results of the coefficient of determination test (R^2)

R	R Square	Adjusted R^2
0,672	0,451	0,434

This means that 45.1% of the variation in employee loyalty can be explained by the implementation of the KYE method, while the remaining 54.9% is influenced by other factors (such as compensation, work culture, and leadership).

The results of the study indicate that the implementation of the Know Your Employee (KYE) method has a positive and significant effect on employee loyalty. The better the implementation of KYE, particularly in terms of transparency, managerial closeness, and internal supervision, the higher the loyalty employees feel toward the company. These findings are consistent with Human Resource Management theory (Hasibuan, 2018), which states that management's personal attention to employees can increase their sense of belonging and commitment to the organization. KYE also helps build mutual trust between employees and management, which positively impacts work motivation and the desire to remain with the company.

5. Conclusion

Based on the results of the study involving 32 respondents at PT. Bank KB Bukopin KCU Kupang, it can be concluded that the implementation of the Know Your Employee (KYE) method at Bank KB Bukopin KCU Kupang has been carried out effectively through internal supervision, managerial closeness with employees, and personal performance evaluations.

1. The regression test results indicate a positive and significant effect of KYE implementation on employee loyalty.
2. The coefficient of determination value of 45.1% shows that KYE has a fairly strong ability to explain employee loyalty, while the remaining portion is influenced by other factors outside the scope of this study.
3. Therefore, the better the implementation of KYE, the higher the level of employee loyalty toward the company.

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